

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In Re:

HIGH MESA, INC., *et al.*,

Debtors.

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Case No. 20-30602
(Chapter 7)
(Jointly Administered)

APPLICATION TO EMPLOY MACCO RESTRUCTURING GROUP, LLC AS
FINANCIAL ADVISOR PURSUANT TO SECTION 327

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

TO THE HONORABLE MARVIN ISGUR, UNITED STATES BANKRUPTCY JUDGE:

Christopher Murray, Chapter 7 Trustee for the Debtors, files this *Application to Employ MACCO Restructuring Group, LLC as Financial Advisor Pursuant to Section 327* (“**Application**”) and the Declaration of Drew McManigle (“**McManigle Declaration**”), attached as **Exhibit A** hereto in support of the Application, and respectfully states as follows.

RELIEF REQUESTED

1. The Trustee requests that the Court enter an order, substantially in the form of the proposed order attached hereto, authorizing the Trustee to retain MACCO Restructuring Group, LLC

(“**MACCO**”) as financial advisor on an hourly fee basis pursuant to sections 327(a), 237(d) and 330, effective February 18, 2020, pursuant to the terms of the engagement agreement attached hereto as **Exhibit B**.

JURISDICTION

2. This Court has jurisdiction over this application pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. Venue of the Debtors’ chapter 7 case (“**Chapter 7 Case**”) in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief sought are §§ 327(a), 328, 330, and 704(a) of the Bankruptcy Code, Bankruptcy Rules 2014, 2016, and 6003, and Bankruptcy Local Rule 2014-1.

BACKGROUND

5. On January 24, 2020 (“**Petition Date**”), the Debtors each filed a voluntary petition for relief under chapter 7 of the Bankruptcy Code thereby commencing the Chapter 7 Cases.

6. On January 30, 2020, this Court entered an order directing the joint administration of the Debtors cases.

7. The United States Trustee appointed Christopher Murray as the chapter 7 trustee for the Debtors’ estates.

BASIS FOR RELIEF

8. Section 327(a) of the Bankruptcy Code authorizes a trustee to employ professional that do not hold or represent an interest adverse to the debtor’s estate and that are disinterested persons to assist him with his duties under the Bankruptcy Code. The Trustee’s retention of MACCO is necessary to enable the Trustee to fulfill his duties under the Bankruptcy Code and is in the best interests of the Debtor’s estate.

A. MACCO's Qualifications.

9. The Trustee has determined, in the exercise of his business judgment, that the size and diversity of the Debtors' operation and assets requires the estates to employ a financial advisor to advise him with respect to the identification and sale of the Debtors' assets. The Trustee further believes that MACCO is well-qualified to provide its services to the estates in a cost-effective, efficient, and timely manner. MACCO will coordinate with the Trustee and other retained professionals in these cases to eliminate unnecessary duplication or overlap of work. Retaining such an advisor will enable the Trustee to carry out his duties in these Chapter 7 cases and maximize the value of the estates for the benefit of all stakeholders through the sale of the Debtors' assets.

10. Drew McManigle ("**McManigle**") is the founder and Managing Director of MACCO, a financial advisory services company providing services to middle market companies, which was founded in July 2019. For over twenty-five (25) years, McManigle has provided operational leadership, business turnaround and bankruptcy services. Additionally, McManigle has conducted complex litigation at the Federal, Bankruptcy and State levels, including complex worldwide litigation. McManigle has held roles such as chief restructuring officer, interim CEO, operating chapter 11 trustee, assignee and receiver (domestically and internationally) where he provided interim management, leadership and advice to companies in a variety of industries including Oil & Gas, Healthcare, Pharma & Food Manufacturing, Defense Contracting, Consumer Products and Hospitality, among others.

11. Of specific import to these cases, McManigle has first-hand oil and gas experience. Recently, he participated in various roles in several complex oil and gas bankruptcy cases such as Montco Offshore Contractors, LLC, Von Directional Drilling, Saga Petroleum Resources, Plantation Petroleum Corp and Nighthawk Energy PLC, HWD Drilling, LLC and Leader Energy Services, Inc, among others.

12. MACCO specializes in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services, and financial and operational restructuring. MACCO's debtor advisory services have included a wide range of activities targeted at stabilizing and improving a company's financial position, including developing or validating forecasts, business plans and related assessments of a business's strategic position; monitoring and managing cash, cash flow and supplier relationships; assessing and recommending cost reduction strategies; and designing and negotiating financial restructuring packages. MACCO's employees have substantial experience in business restructuring and bankruptcy proceedings.

13. In addition, McManigle and MACCO have become familiar with the Debtors' businesses, financial affairs, and capital structure. Since their initial pre-petition engagement by the Debtors, MACCO has worked closely with the Debtors' management and other professionals in assisting with the myriad requirements of preparing the companies for their Chapter 7 filings. Accordingly, the Trustee believes that McManigle and MACCO have developed significant relevant experience and expertise regarding the Debtors and the unique circumstances of these cases. For these reasons, the Trustee believes that MACCO is well qualified to deal effectively and efficiently with matters that may arise in the context of these cases.

14. Based on the foregoing, the Trustee seeks to employ MACCO as financial advisors effective as of the date of February 18, 2020 (the date services were first provided to the Trustee) pursuant to Local Rule 2014-1. The Trustee anticipates that such employment will help make the administration of the estate more streamlined and effective, thereby increasing the ultimate amounts available for distribution to creditors. The Trustee believes these efforts are critical to success in these cases.

B. Scope of Services.

15. As more fully described in the Engagement Agreement, among other things, MACCO will develop a strategy for the Trustee to effectively market the Debtors' assets for sale, assist the Trustee with operation of any assets authorized by the Court, and consult with all applicable regulators regarding the Debtors' assets and obligations. Specifically, MACCO will provide such support services as appropriate and feasible in order to advise the Trustee in the course of these Chapter 7 cases, as follows:

- a. Provide accounting, forensic review, financial forecasting and related business advice and strategy required to enable you to efficiently administer the Debtors Estates under chapter 7 bankruptcy;
- b. Gather, prepare and review documents, lists and related materials necessary to investigate and quantify the Debtors business affairs and assets;
- c. Assist with or prepare weekly 13-week cash flow forecasts, budgets and related financial and business models that can be utilized by the Trustee, his counsel and others to understand the Company's operations, assets, liabilities and liquidity;
- d. Review producing and non-producing oil & gas assets, inventory equipment and material to determine its salability and to provide monetization alternatives;
- e. Confer with the Trustee and his counsel contracts;
- f. Confer and provide advice in asset redeployment, sales, marketing and asset re-deployment or abandonment opportunities as deemed appropriate;
- g. Evaluate and make recommendations in connection with strategic alternatives as needed to maximize the value of the assets of the Debtors;
- h. Provide oversight and assistance, as directed and authorized by the Trustee or his counsel, in connection with communications and negotiations with creditors of the Estates including trade vendors, investors and other debtor constituents;
- i. Review, quantify and validate proofs of claims filed in the Estates;
- j. Prepare for, attend and testify, as necessary, at Court hearings; and,
- k. Provide any and all other professional services typically provided by a financial advisor as may be requested by the Trustee and his counsel.

16. It is necessary for the Trustee's efforts to maximize the value of the estates that he employs MACCO to render the foregoing professional services. Trustee believes that the services will not duplicate the services that other professionals will be providing the Debtors in these cases. Specifically, MACCO will carry out unique functions and will use reasonable efforts to coordinate with the Debtors and other professionals retained in these cases to avoid the duplication of services.

C. MACCO's Disinterestedness.

17. To the best of the Trustee's knowledge, and based upon the McManigle Declaration, MACCO is a "disinterested person," as such term is used in the Bankruptcy Code. Specifically, MACCO neither holds nor represents any interest adverse to the Trustee, Debtors, or Debtors' estates, and (ii) except as disclosed in the McManigle Declaration, has no connection to the Debtors or to their significant creditors or other potential parties-in-interest.

18. As of the Petition Date, MACCO was not owed any fees with respect to any invoices issued to the Debtors before the Petition Date.

19. To the extent MACCO discovers any facts bearing on the matters described herein during the period of MACCO's retention, MACCO has agreed to supplement the information contained in the McManigle Declaration. As such the Trustee believes that MACCO is disinterested and holds no materially adverse interest as to the matters upon which they are to be retained.

20. Except as stated in his declaration, McManigle has no connections with Debtors, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, and is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and as required by section 327 of the Bankruptcy Code.

D. MACCO's Compensation.

21. MACCO's employment by the Trustee would be, in all respects, including duration, subject to an Order of this Court authorizing such employment.

22. MACCO would seek reasonable compensation from the estate only for actual and necessary services as defined by the Bankruptcy Code and consistently with applicable guidance from the Office of the United States Trustee.

23. JMB has agreed to reduced rates in this matter relative to what the firm would charge to other clients for the same or similar work. The rates are summarized in the chart below:

Employee Classification	
Engagement Principal	\$550 /hr
Managing Director	\$475 to \$550 /hr
Director	\$350 to \$500 /hr
Senior Financial Analysts	\$350 to \$475 /hr
Financial Analysts	\$175 - \$350 /hr
Administrative Staff	\$100 - \$200/hr

These rates are well within the wide range of rates charged by similarly qualified firms in this District.

24. MACCO will also seek reimbursement for out of pocket expenses, but only to the extent reasonable and necessary, and only at actual cost.

25. The nature of MACCO's engagement is not easily captured in discrete six-minute increments of time. Accordingly, the Trustee requests this Court's approval allowing MACCO to record its time in contemporaneous records setting forth the exact number of hours worked each day by each professional in a single entry, with a description of the general tasks and issues on which such professional was engaged that day, and an estimate of the approximate time devoted to such tasks and issues. The Debtor seeks this Court's approval of this billing method as being in substantial compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the guidelines established by the U.S. Trustee.

NO PRIOR REQUEST

26. No prior motion or application for the relief requested herein has been made to this Court or any other court.

PRAYER

27. The Trustee respectfully requests that this Court enter an order substantially in the form of the proposed order attached hereto and grant any other appropriate relief.

Dated: March 19, 2020

Respectfully submitted,

/s/ Christopher Murray

Christopher Murray, Trustee
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Chapter 7 Trustee

CERTIFICATE OF SERVICE

I hereby certify that, on March 19, 2020, pursuant to this Court's *Order Granting Motion to Limit Notice* [DE 108], this document was served on: (a) the Debtor, through its Counsel; (b) the U.S. Trustee; (c) any parties requesting and receiving notice through ECF; and (d) the 20 largest unsecured creditors (on a consolidated basis), to the extent known. A list of the unsecured creditors receiving notice of this filing is attached hereto.

/s/ Christopher Murray
Christopher Murray

UNSECURED CREDITORS RECEIVING SERVICE

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C/O Timothy W. Cerniglia
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Innovative Energy Services, Inc
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Blank Rome LLP
Attn Finance Dept
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130 North 18th Street
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Kirkland & Ellis LLP
300 North Lasalle Street
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C/O Kenneth Miller
Miller Law Offices PLLC
936 E.Park Ave Suite 2
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Danos LLC
3878 West Main Street
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Pioneer Wireline Services LLC
Po Box 202567
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Deep Wilcox Oil & Gas And
Hankerson Oil Llc
C/O Lewis Brisbois Bisgaard & Smith Llp
24 Greenway Plaza, Suite 1400
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PriceWaterhouseCoopers LLC
Po Box 952282
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C/O Mark Mcnamara
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